

## POLICY FOR ANNOUNCEMENT OF RATINGS

### Purpose

VIS Credit Rating Company Limited's Policy for Announcement of Ratings delineates the standard operating procedures with regards to public announcement of all non-private rating actions, whether for initial or review of ratings.

### Rating Announcements

Provided that the client, upon completion of the initial rating process, has opted to make the rating 'public', VIS will disseminate the finalized rating on a non-selective and free of charge basis to the press and also on its website. Provided further that the initial rating and any subsequent rating actions will be first directly disseminated by VIS through media of its choice prior to such disclosure by the client itself.

VIS intends to notify the client in advance of any proposed change or withdrawal of the rating, but reserves the right to take such action without prior notice. Subsequent to client notification, ratings are announced as follows:

- A press release is first sent out to Associated Press of Pakistan and All Pakistan Newspapers Society;
- The press release is then sent to leading English and Urdu newspapers and to Pakistan Stock Exchange, State Bank of Pakistan, Securities & Exchange Commission of Pakistan, Mutual Fund Association of Pakistan, Pakistan Banking Association, NBF and Modaraba Association of Pakistan;
- The press release is simultaneously posted on Company's official website: <http://www.vis.com.pk>;
- A comprehensive report is also posted on Company's official website within five working days of each press release.

Since this is not a paid service, VIS cannot and does not ensure that its press releases are published by the newspapers.

### Announcements in case of 'Default' by a client

Upon occurrence of default of an entity/instrument rated by VIS, the Company will:

- prepare a descriptive default note
- disseminate the default note to Pakistan Stock Exchange, State Bank of Pakistan, Securities & Exchange Commission of Pakistan, Mutual Fund Association of Pakistan, Pakistan Banking Association, NBF and Modaraba Association of Pakistan; and
- publish the default note on its official website for public information.

On an annual basis, VIS will also publish within one month of calendar year, a comprehensive default and transition study developed in line with methodologies practiced by credit rating agencies globally.

Among other things, the minimum contents of the various disclosures described above are as follows:

### Press Release

Every press release will at least contain:

- Latest rating action
- Date of last rating
- Methodology used in determining the rating and where a description of the methodology can be found;
- Rating rationale supporting the rating
- Contact details of relevant team members
- A disclaimer, which should read as follows: "Information herein was obtained from sources believed to be accurate and reliable; however, VIS Credit Rating Company Limited (VIS) does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the rating(s)/ranking(s) mentioned in this report. VIS is not an NRSRO and its credit ratings are not NRSRO credit ratings. VIS is paid a fee for most rating assignments. This rating/ranking is an opinion and is not a recommendation to buy or sell any securities. Copyright VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS."

## Rating Report

Every rating report will at least include:

- Latest & previous rating
- Purpose of the rating (rating type)
- Key rating rationale supporting the rating decision
- Key financial data of the entity being rated
- Names and contact details of the analysts
- In case of secured instrument, quantum and nature of security, nature and book value of the assets backing the instrument
- In case of structured finance products, information about the originator like its name, its principle business, its brief financial and operating position for the last five years, nature of defaults and delay, if any, in repayment of any financial obligation during the last five years, nature and value of assets backing the instrument, detail of guarantee, if any, or any other additional security arrangement, transaction structure, collection mechanism etc.
- Where relevant, details of benchmarks used, any sensitivity analyses performed and its results, comparative analyses made with other industries or companies and credit enhancements
- A statement on probability of default
- History of ratings conducted by VIS for the last 5 years, if available
- In case of unsolicited ratings – the fact that it is unsolicited, the extent of participation by the entity/issuer, its management, its creditors and its auditors in the credit rating process and source of information used in arriving at the rating
- Methodology used in determining the rating and where a description of the methodology can be found; where the rating is based on more than one methodology, or where a review of only the principal methodology might cause investors to overlook other important aspects of the rating, an explanation on how the different methodologies and other important aspects are factored into the rating decision;
- A statement stating that the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
- A disclaimer, which should read as follows: “Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. VIS is not an NRSRO and its ratings are not NRSRO credit ratings. Copyright VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.”

## Default Disclosures

- The default notes disseminated on each occurrence of default by an entity being rated by VIS will describe the definition of default, the reasons for the defaults, historical transitions and the factors overlooked, if any.
- The annual default and transition study will contain cumulative default rates (CDRs) and transitions for each rating grade for periods 1, 3 and 5 years.